

SUMMARY OF COMMITTEE REPORTED RESOLUTION													
(\$ in Billions)													
		2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2000-04	2000-09
Discretionary:													
Defense	BA	290.0	304.8	309.3	319.4	328.1	329.3	330.5	331.8	33.1	334.3	1551.5	3210.5
	OT	275.8	287.1	292.8	304.7	314.4	317.6	316.0	314.6	318.0	318.9	1474.8	3060.0
Nondefense	BA	246.3	236.6	241.7	252.4	255.7	255.7	255.7	255.2	255.1	255.3	1232.6	2509.6
	OT	295.2	283.9	274.2	288.0	289.2	290.4	290.1	289.3	289.0	289.0	1430.5	2878.2
Subtotal	BA	536.3	541.3	551.0	571.8	583.8	585.0	586.2	587.0	588.2	589.6	2784.1	5720.1
	OT	570.9	571.0	567.0	592.7	603.6	608.0	606.1	603.9	607.0	607.9	2905.3	5938.2
Mandatory	OT	946.5	996.2	1040.8	1113.6	1176.8	1254.3	1311.2	1390.5	1482.8	1576.6	5274.0	12289.4
Net Interest	OT	217.9	207.4	196.7	186.8	176.8	165.4	153.7	141.9	128.7	115.3	985.6	1690.6
Total Outlays	OT	1735.4	1774.7	1804.6	1893.1	1957.2	2027.7	2071.0	2136.2	2218.5	2299.8	9164.9	19918.2
Revenues		1870.0	1923.0	1961.5	2058.3	2134.8	2225.1	2283.3	2363.9	2459.9	2549.8	9947.6	21829.7
Unified Surplus		134.6	148.3	156.9	165.2	177.7	197.4	212.3	227.7	241.4	250.0	782.7	1911.5
On-budget		-2.9	3.4	3.5	3.7	6.7	13.8	19.0	24.1	29.3	32.5	14.3	132.9
Off-budget		137.6	144.9	153.4	161.6	171.0	183.6	193.3	203.6	212.1	217.5	768.4	1778.6

- The Concurrent Budget Resolution for FY 2000 represents a fiscal blueprint for the first decade of the new 21st century. The latter quarter of the 20th century was one marked by federal fiscal imbalances. The fiscal deficits of the recent past are now expected to turn into surpluses. This heretofore unexperienced outlook provides Congress and the President with a unique opportunity to structure a fiscal policy that addresses the challenges that lie ahead -- both domestic and internationally.
 - The Committee voted 12-10, on March 18 - - straight party line -- to report the FY 2000 Concurrent Budget Resolution.
 - The Committee-reported resolution was constructed following these basic principles:
 1. Preserve and protect the Social Security trust fund balances.
 2. Maintain the fiscal discipline of the 1997 Bipartisan Balanced Budget Agreement.
 3. Return to working Americans estimated tax overpayments.
 4. Produce non-Social Security surpluses to reflect the real possibility of unexpected contingencies and possible transition costs for long-term Medicare reform over the next decade or for additional debt reduction.
 - Federal spending under the resolution will increase from \$1.7 trillion in 1999 to over \$1.9 trillion in 2004. Federal revenues, post-tax reductions, will increase from \$1.9 trillion in 1999 to \$2.1 trillion in 2004.
 - The budget, excluding Social Security, will maintain balance throughout the projection period and approximately \$133 billion in federal resources are projected to remain available as on-budget surpluses, thereby further reducing debt held by the public -- if not needed for emergency or contingency funding.

Preserve and Protect Social Security Trust Fund Balances

 - The resolution protects Social Security trust fund balances estimated to total \$1.8 trillion over the next decade. It assumes that the trust fund balances are used to retire debt held by the public and for no other purposes. Debt held by the public would decline from \$3.6 trillion at the end of 1999 to \$1.9 trillion by the end of the decade.
 - Although, a budget resolution is not statutory law, advisory levels on debt held by the public are included. But it is assumed that separate and apart from the budget resolution, a statute would be enacted to enforce these advisory levels in the resolution.
- As estimated by the Congressional Budget Office (CBO), the President’s budget for 2000 would expend 21% of the Social Security surpluses over the next five years for programs unrelated to Social Security. Debt held by the public would decline under the President’s budget proposal from \$3.6 trillion at the end of 1999 to \$2.3 trillion at the end of the decade. Compared to the President’s budget proposal, the resolution would retire \$464 billion more debt held by the public.

Maintain the Fiscal Discipline of the 1997 Bipartisan Budget Agreement

 - The resolution, as required by law, allocates discretionary spending totals to the Committee on Appropriations consistent with the statutory levels established in the historic 1997 Budget Agreement. Those “caps” have contributed to the balanced budget today. The resolution abides by the \$536 billion in BA and \$571 billion in outlay limitations for 2000.
 - The Congress would be required to set priorities for spending programs within these caps. Final decisions on how these priorities will be determined lie with the Committee on Appropriations and ultimately the Congress and President.
 - The resolution for illustrative purposes has assumed that spending within the caps can be achieved while at the same time increasing funding for national security, elementary and secondary education, fully funding the Violent Crime Trust Fund programs, funding the President’s request for the Census, fully funding highway and mass transit programs under TEA-21 enacted last year, increasing funding for veterans discretionary health programs, and doubling the President’s request for NIH funding.
 - Within these spending limits the resolution does not assume a continuation of funding for emergency spending programs adopted at the end of the last Congress. Although if emergency spending becomes necessary in the future, the resolution contemplates that such designations could continue to be made. However, it assumes a change in budget procedures that would require a super-majority vote to maintain emergency designation.
 - The resolution would adopt, in part, the President’s proposals for discretionary spending reductions, reductions in lower priority spending programs, adoption of mandatory savings and possible user fees available to the Appropriations Committee to offset spending, and privatization of Ginnie Mae and other proposals.
 - While the resolution assumes many of the proposals in the President’s budget, comparing the resolution to the President’s budget is nonetheless difficult. Funding levels for discretionary

programs in the resolution would not exceed the current caps, while **CBO has estimated that the President’s request exceeds the statutory cap for budget authority by \$22 billion.**

- Of this excess, \$17 billion arises from proposed “offsets” in the President’s budget that cannot, even under current Administration scorekeeping, be counted against the discretionary caps. Therefore, in function-by-function comparisons of the resolution to the President’s budget, the President’s budget appears to allocate more resources in 2000 than the resolution’s suggestions.
- In truth, however, the President’s budget could not deliver those funding levels because the sum total of the President’s proposed levels would not be possible under current law. If enacted exactly as proposed in the appropriation bills, **the President’s appropriation levels would require sequesters across the board to reduce them to the cap levels by nearly 8 percent.** The resolution hews to the caps without changing current budget rules, and because of this, necessarily but misleading appears to be less than the President’s levels on a functional basis.
- The resolution assumes that discretionary spending will increase after 2002 through 2009 by a rate of growth slightly half the rate of inflation projected for that time period.
- The resolution does not assume any of the President’s proposals for reduction in Medicare spending. The resolution assumes an increase in mandatory spending of \$6.0 billion from 2000-2004 for agriculture income support, triggered through a special reserve fund.
- The resolution does not assume increases in tobacco taxes to fund discretionary spending. Finally, the resolution assumes that the current authority for the federal government to recoup monies from last fall’s State-Tobacco Industry settlement will be overturned.
- The resolution assumes that, within the funds made available to federal agencies, the historic pay parity between federal civilian and military employees will be maintained.

Return to Working Americans’ projected tax overpayments

- While maintaining the current discipline of the Budget Act that has fostered the balanced budget of today, the resolution assumes that overpayment of taxes not needed to fund the general government, should be returned to them in the form of tax reductions.
- The exact nature of how such overpayments would be returned would be left to the Committee of jurisdiction through a reconciliation instruction -- the Finance Committee. Ultimately the nature of these tax cuts would be determined by the Congress and the President.
- The resolution would instruct a reduction in federal taxes not to exceed net \$142 billion over the next five years, and \$778 billion over the next ten years. Tax reductions over and above these levels would have to be offset by the tax writing Committee in order to maintain fiscal balance.
- The resolution includes a reserve fund in 2000 for an on-budget surplus. The reserve fund allows the Chairman of the Budget Committee to adjust revenue, deficit, and debt levels in the resolution if CBO revises its forecast later this summer to show an on-budget surplus for 2000. This revision would also revise reconciliation instructions to the tax writing committees to permit additional tax reductions in 2000 based on the amount of the reestimated on-budget surplus.

Additional On-Budget Surpluses

- All budget estimates are subject to change and uncertainty -- particularly when made over an extended period such as ten years. Therefore, the resolution, showing caution, assumes that not all of the projected on-budget surplus after 2000 would necessarily be allocated to spending or tax reductions.
- It is estimated, at this time, that nearly \$132 billion in on-budget surpluses could result if the resolution were fully implemented. These additional funds, if estimates prove accurate, would further retire debt held by the public or could be made available - - through a special reserve fund adopted by the Committee - - to assist funding of any transition costs to implement Medicare reform that significantly extends the program’s solvency

HERE WE GO: FLOOR PROCEDURES

- The Senate will began debate on the Committee reported resolution this week. It is anticipated that all floor action will be completed prior to the Senate’s adjournment for the April recess. Good budgeteers will remember that there are special rules for the consideration of budget resolutions on the floor of the Senate.
- **Debate:** Once the budget resolution is before the Senate, debate on the resolution, amendments, motions, and appeals is limited to 50 hours, equally divided and controlled by the Majority and the Minority Leader, or their designees. The Managers may yield time from the 50 hours during the debate.
- Within the overall limit of 50 hours, debate on first degree amendments is limited to 2 hours and debate on second degree amendments, debatable motions and appeals is limited to 1 hour.
- Points of Order and other procedural motions against amendments are not in order prior to the expiration or yielding back of time on that amendment.
- **Amendments:** Amendments to the budget resolution must be germane. The Committee-reported resolution forms the basis for germaneness. Amendments to strike language, change dates or numbers, or sense of the Senate language whose subject is in the jurisdiction of the Budget Committee are considered to be per se germane. All other amendments are evaluated on a case by case basis. A vote of 3/5ths of the Senators is required to waive the germaneness requirement or to overturn the ruling of the Chair.
- Senate procedures generally provide that a single amendment may not amend the underlying measure in more than one place and an amendment that did so would be subject to a simple majority point of order. However, the Budget Act waives this prohibition for amendments to the budget resolution, if the changes are required to maintain the mathematical consistency of the budget resolution.
- **Points of Order:** The Congressional Budget Act subjects the budget resolution to points of order for various breaches of content prohibitions. Below is a list:

<u>Section</u>	<u>If Resolution or Amendment:</u>	<u>Waiver</u>
301 (g)	Is based on more than one set of economic assumptions;	Majority
301 (I)	Reduces the Social Security surplus;	3/5ths
305 (b)(2)	Is non-germane;	3/5ths
305 (d)	Is not mathematically consistent;	Majority
312 (b)	Exceeds the caps;	3/5ths
- **Miscellaneous Procedures:** A motion to further limit debate is in order but not debatable. A motion to recommit the budget resolution is in order if it instructs the committee to report back in less than 3 days. Such a motion is debatable for 1 hour. The time is controlled by the mover and Majority manager.